GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:7460
ANSWERED ON:15.05.2000
NOMINATION OF DIRECTORS IN PEERLESS GENERAL FINANCE INVESTMENT LTD.
C.P. RADHAKRISHNAN

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) the number of Directors including Chairman and Wholetime Executive Directors on the Board of directors of the Peerless General Finance and Investment Limited;

(b) the date on which the Board was last constituted;

(c) whether the approval of the Company Law Board was sought and obtained prior to the constitution of the Board and induction of members thereto;

(d) if not, whether there is any pressure from the Government to nominate some Directors on the Board under section 308 of the Companies Act, 1956;

(e) if so, the details thereof; and

(f) if not, the action proposed to be taken in the matter?

Answer

MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS

(SHRI RAM JETHMALANI)

(a) As per records of the registrar of Companies Calcutta there are 10 directors including Chairman and Wholetime executive directors on the Board of Directors of Peerless General Finance and Investment Ltd.

(b) As per records of the company maintained by the registrar of Companies, Calcutta, the latest composition of the Board of directors of this company is as under:-

Sl.No. Name Designation Date of appointment

1. Sh. Dhruba Narayan Ghosh Chairman 12.8.1996

2. Sh. Ajit Kumar Chatterjee Vice-Chairman 16.11.1993

3. Sh. Sunil Kanti Roy Mg.Director 2.12.1993

4. Sh. Susim Kukul Dote Director 12.8.1996

5. Sh. Dipankar Basu Director 11.5.1998
6. Sh. Amal Chandra Chakraborti Director 29.8.1998

7 Sh. J.B. Dadachanji Director 12.8.1996

8. Sh. S.G. Bose Mullick Director 15.5.1987

9. Sh. N.H. Thanawala Director 7.3.1989
10. Sh. Asis Kusum Chatterjee Director 26.6.1986

(c)

(i) M/s. Peerless General Finance & Investment Ld. Is a company incorporated under the Companies Act, 1956, having its registered office at Calcutta and is dealing in public money. It is a residuary non-banking finance company and the provisions of residuary Non-banking Companies (Reserve Bank of India) amendment act, 1997, are applicable to it.

(ii) The company Law Board (CLB) passed an order on 30.11.1987 u/s 408(1) directing that 4 Government Directors be appointed on the Board of the company for a period of 3 years from the date they assume charge of their office. The company filed an application under Article 226 of the Constitution of India in the Hon`ble Calcutta High court against the said order of CLB. Hon`ble Calcutta High Court vide its order dated 1.7.19878 quashed the said order of CLB dated 30.11.1987. an appeal by Central government before the Division Bench of the Calcutta High Court is still pending.

(iii) Sometime in 1997 Department of Company affairs decided to examine de novo the whole issue of appointment of directors u/s 408 of the companies Act, 1956 on the board of directors of M/s. PGFICL. For this purpose RBI forwarded a copy of the inspection report conducted u/s 45N of the RBI act, 1954 covering the financial position of the company upto 31.3.1995. On the basis of the said RBI inspection report, a reference was made to CLB by the Department of Company affairs u/s 408 of the Companies Act, 1956, for appointment of Government directors on the Board of PGFICL. This reference u/s 408 was decided by CLB vide its order dated 4.12.1998 without passing any order because there has been substantial change in the circumstances from what was prevailing in 1995 on the basis of which the reference was made and also considering the active monitoring being done by RBI and various actions taken by the company consequent to the directions issued by RBI for toning up the conduct of affairs of the companyincluding induction of 5 new expert professional directors. CLB did not find any reasons to appoint Government directors.

(iv) In view of these circumstances it is not necessary for the company to obtain approval of the CLB for constitution of the Board of directors and induction of members thereto.

(d) & (e) No Sir, there is no pressure from the Government to nominate some directors on the Board of the company u/s 408 (wrongly written as 308 in the question) of the Companies Act, 1956.

(f) No action is proposed to be taken in the matter since the matter is subjudice in the Hon`ble High court of Calcutta.